



Merced County Community Action Agency

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DEPARTMENTS:

OPERATIONS

Administration
Accounting
Personnel
Risk Management

NUTRITION & COMMUNITY SERVICES 723-0729

Project CHERISH
Congregate Meals
Home Delivered Meals
Community Centers
Brown Bag
USDA Commodities
Energy Assistance
Emergency Food Pantries

HOUSING SERVICES

1723 N STREET

MERCED

725-8188

FAX: 725-7189

Emergency Shelter
Transitional Housing
Housing Assistance

HEAD START/CHILD DEVELOPMENT SERVICES

1070 HEAD WIND DRIVE

CASTLE-ATWATER

723-4771

FAX: 723-0950

Head Start
Child Development
State Preschool

ENERGY SERVICES

411 WEST AVENUE

MERCED

723-4411

Weatherization
Rehabilitation

WOMEN, INFANTS & CHILDREN

FOOD PROGRAM (WIC)

1724 M STREET

MERCED

383-4859

April 5, 1999

Office of the Fiscal Assistant Secretary
U.S. Department of Treasury, Rm 2112
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Re: Check Cashers

I am writing on behalf of Merced County Community Action Board to urge Treasury to prohibit check cashers and other "payment service providers" from providing recipients access to electronic federal benefits as part of EFT '99. Check cashers prey upon low-income consumers and deny their customers the consumer protections provided at mainstream financial institutions.

Merced County Community Action Board is the volunteer board of a non-profit corporation which represents the low-income community, elected officials, and major organizations in Merced County in advocating for the poor. It has, for more than 25 years, worked to assist the poor to achieve self-sufficiency.

Treasury began EFT '99 with the stated goal of bringing the unbanked into the financial mainstream. Allowing check cashers to be the access point for federal benefits recipients to receive their funds, however, does exactly the opposite. Check cashers force consumers to pay excessive fees for transactions that should be available to them at a reasonable cost. For instance, in California, check cashers charge an annual percentage rate of almost 400% for a payday loan! Check cashers also provide few consumer protections that low-income clients would receive if they banked at a federally-insured financial institution.

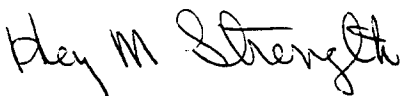
AN AFFIRMATIVE ACTION/EQUAL OPPORTUNITY EMPLOYER

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By allowing check cashers to provide access to federal funds, Treasury will not only condone, but will stimulate the abusive practices of check cashers. It is important that Treasury make EFT '99 a program that truly protects consumers and ensures that low-income recipients are not left to feel that the best option for accessing their federal funds is through a high cost alternative outside the financial mainstream.

Please prohibit arrangements wherein recipients of electronic federal payments gain access to benefits through non-depository payment service providers, who make no reinvestment back into the low-income communities in which they operate so profitably.

Sincerely,

A handwritten signature in cursive script that reads "Henry M. Strength".

Henry Strength
Chairman, Merced County Community Action Board

cc: Congressman Gary Condit, 18th District, California